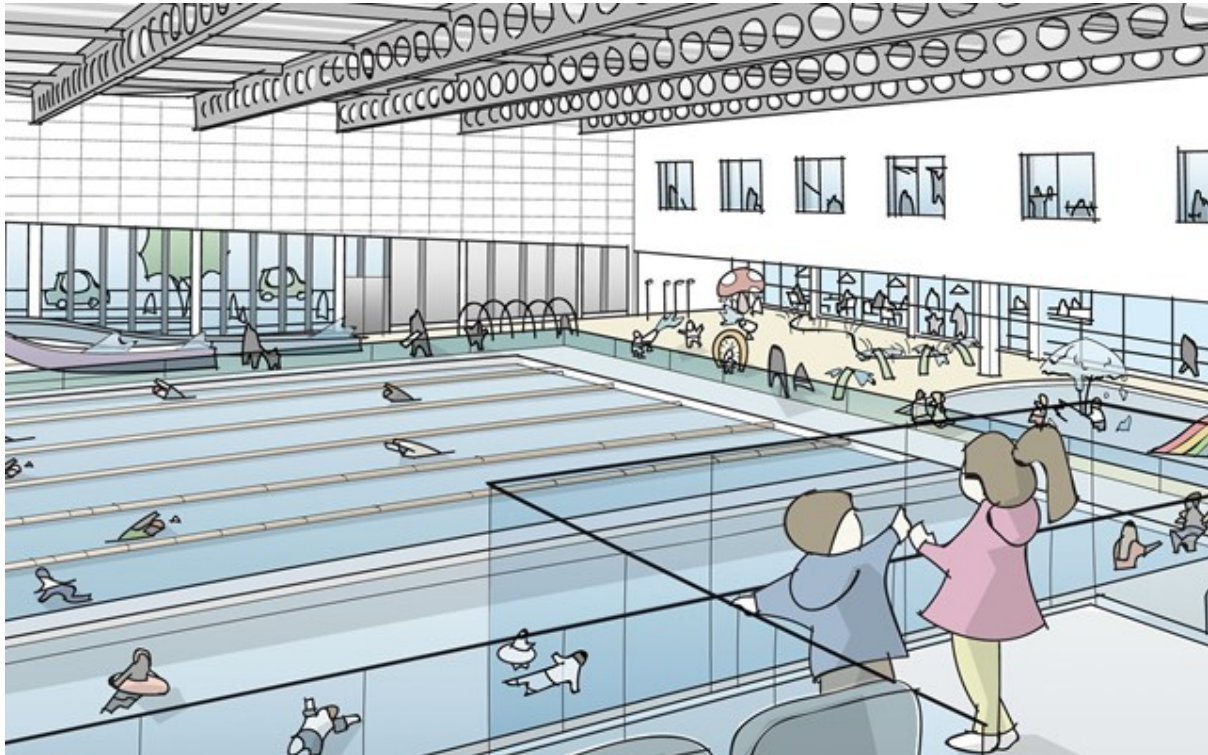


**Final Business Case
Western Way Development
Appendix 1 – Leisure Provision**



September 2019

Contents

- A. Executive Summary**
- B. Strategic Case**
- C. Economic Case**
- D. Commercial Case**
- E. Financial Case**
- F. Management Case**

A. Executive Summary

- 1.** The Western Way proposals would create an exciting new public and business offer for Bury St Edmunds and surrounding villages. The opportunity to build a new Leisure Centre and enhance the skatepark as part of that, to provide a 21st century leisure offer for the people of Bury St Edmunds and surrounding area is a fantastic prospect.
- A.1.1** This final business case for a replacement leisure centre and enhancement of the skatepark builds on the outline business case approved in October 2018 and sets out the case for investment to incorporate a replacement leisure centre as part of the Western Way development. Since approval of the outline business case, the following work has been undertaken to contribute to this final business case:
 - Revisited the market analysis to ensure it takes into account changes and trends in the market place along with changes in demographics.
 - Reviewed the facility mix following the market analysis to ensure that market changes can be reflected in the facilities provided in any new facility.
 - Used the market analysis and facility mix review to inform revised budget projections.
 - Reviewed the projections linked to the environmental performance of the facility to ensure they remain achievable as well as considering how this can form part of the Council's broader approach to this area.
 - Reviewed capital costs to ensure they remain in line with the high level estimates provided and aligned with the final facility mix.
 - Undertaken stakeholder engagement with users of the leisure centre, wider community of Bury St Edmunds, Bury Skate Park Experience, Swim England and Sport England.
- A.1.2** This business case provides the opportunity, benefit and cost information for a new leisure centre for Bury St Edmunds, replacing the existing ageing facility and should be considered alongside the wider strategic vision and business case for the whole development. It includes a comparison with the costs and implications of not building a new leisure centre now, but maintaining and refurbishing the existing leisure centre, effectively deferring the need for replacement by 20 years. It concludes that whilst in the short term the capital cost of providing a new leisure centre now is higher, in the longer term there is actually likely to be a lower (circa £15m), overall capital requirement even if an full refurbishment of this new facility is accounted for in 20 – 30 years.
- A.1.3** The business case also includes a proposal to develop the skate-park, retaining the existing skate park that will be a key feature within the landscape scheme of the new development and will enable the necessary highways improvements. And a new athletics pavilion will be provided to serve the users of the athletics track.
- A.1.4** West Suffolk's Strategic Plan includes a priority of "Resilient families and communities that are healthy and active". The Council is committed to using its community, leisure, open space and heritage assets to support wellbeing and education and create behavioural change as further detailed

in the "Promoting Physical Activity Framework"¹. This business case shows how this development will deliver benefits which will meet the objectives in the Framework including:

- Social and community
- Economic
- Personal experience
- Health and wellbeing

A.1.5 The Western Way development provides an opportunity to provide a replacement leisure centre in a multi-functional space enabling co-location with key public sector partners including health. By re-visioning how public services can work together and interact with communities we have an opportunity to offer benefits both to residents of West Suffolk and partners on the site ranging from shared/reduced building and facilities maintenance costs through to opportunities to create referrals routes and to enhance customer journeys. This will be particularly beneficial as a social prescribing approach is developed across the District.²

A.1.6 The existing Bury Leisure Centre is located at the end of Beeton's Way and is now 44 years old. The building has been refurbished twice in its lifetime due to two fires and therefore the fabric of building itself is generally in good condition, although facilities are becoming dated. Further, there are practical issues such as the age of the plant that means that reactive and planned maintenance costs are increasing and will continue to do so.

A.1.7 There have also been developments in terms of leisure demand and customer expectations which mean that the current centre layout could be improved including:

- The position of the entrance in relation to the car park
- Ease of access
- Facilities spread over three floors
- Standard of sport/leisure facilities
- Mix of facilities/leisure offer

A.1.8 Since approval of the Outline Business Case, the design team have developed the outline plans, and consultation has been undertaken with users of the existing centre as well as other residents of the town. (See Attachment 2). The final plans that form the basis of this business case propose a new leisure centre, enhanced skatepark and new athletics pavilion as part of the Western Way development at an estimated cost of £27.9m and will feature:

- A range of swimming experiences. **The main pool will be a 10-lane 25m swimming pool** which will usually be configured to offer a **separate learners' pool** with moveable floor and a main pool separated by a boom. The boom can be removed to enable the use of the full ten lanes.

¹ Indoor Facilities and Playing Pitch Strategy delivered by 4Global on behalf of West Suffolk Councils. https://www.westsuffolk.gov.uk/leisure/Sport_and_Healthy_Living/activity/physicalactivitywssportsfacilitiesassessment.cfm

² <https://www.westsuffolk.gov.uk/community/lifelink>

- A **destination fun pool** will include an internal splash park with slides, jets, water cannons, flume and splash pool.
- A **leisure café** looking across the new pool hall and public plaza with an area nearby earmarked for children's activity to keep children entertained whilst adults relax in the café served seating area.
- On the first floor, an extensive **Health and Fitness suite** will accommodate a broad range of fitness equipment with capacity for up to 150 stations.
- **Four flexible studios** will accommodate fitness classes and other activities.³
- **Three treatment/consultation rooms** will offer a range of services and create opportunities for integration and collaboration with the adjacent health organisations.
- **A four-court sports hall** will cater for a range of indoor sports and activities while providing flexibility and accessibility for public events. If the town's needs change in the future, it will be possible to extend the sports hall within the site.
- Ample **wet change, dry change**, shower and toilet facilities will be provided on both floors.
- **Spectator seating** for over 150 people on the first floor will offer fantastic views over the pool hall.
- **Improved Skatepark** with a wider range of features that will wrap around the north-west corner of the new leisure centre - benefiting from new lighting and outside toilet facilities.
- **New Athletics Pavilion**, providing changing rooms, storage, club room and toilets for the users of the athletics track.

A.1.9 This final proposal for the leisure centre has been developed on the basis of providing the optimum facility mix for the centre having regard to: the leisure market; catchment area and future population growth; activities to encourage physical activity; and facilities in the wider area as well as consultation feedback. It has also been designed to create a flexible space that can be used differently in the future in response to changing leisure trends. The swimming provision, in particular, has been enhanced to ensure that it is large enough to accommodate future population growth. Further information can be found in the Design Statement, Appendix One to the main business case.

A.1.10 We will work with the Council's leisure partner, Abbeycroft Leisure, to ensure that the centre works to deliver the Council's priority of "*Resilient families and communities that are healthy and active*" at the same time as improving the financial performance of Bury Leisure centre, to meet the day-to-day running costs of the facility and potentially to deliver a wider return to support other community activities.

A.1.11 The layout of the leisure centre is included at Attachment 1.

B. The Strategic Case

1. The Opportunities of an improved leisure facilities as part of the Western Way development

The Council's role in providing Leisure Facilities

B.1.1 In the report "**Active people, healthy places: Councils and their partners leading sport and physical activity in their place**"⁴, the LGA and partners identified that:

"Local sport, leisure and physical activity services can help people to live longer, healthier and happier lives. This makes them fundamental to achieving councils' aspirations for the wellbeing of their communities. Councils have a critical local leadership role for sport and physical activity in their places".

B.1.2 Despite leisure, sport and physical activity being non-statutory services, the evidence of their public value and the positive physical and mental health impacts is stronger than ever before. These services can contribute to multiple public policy objectives. These include reducing health inequalities, upskilling and employing local people and being community spaces for social engagement and interaction.

Supporting the Physical Activity & Health Agenda

B.1.3 The Suffolk Physical Activity Needs⁵ assessment summarised the burden of physical inactivity:

- Physical Inactivity is one of the top 10 causes of disease and disability in England and is attributed to 6% of deaths globally.
- Inactivity causes 1 in 6 deaths in the UK.
- Inactivity is the principal cause for 21-25% of breast and colon cancer, 27% of diabetes burden and 30% of ischaemic heart disease.
- It is estimated that 1,368 years of poor health are being lived by the Suffolk population each year as a direct result of physical inactivity.
- It is estimated that within Suffolk, there are 244.6 premature deaths per 100,000 people per year attributed to physical inactivity and that the cost of inactivity per year to Suffolk per 100,000 people is £17,718,700 (UK Active, 2014).
- Inactivity costs an estimated £7.4 billion a year to the UK.

B.1.4 The Council is committed to "Promoting Physical Activity" and its framework sets out its objectives and intent.⁶ The benefit of co-locating health and leisure facilities is already being tested out in places such as Warrington and West Norwood and it is a fundamental pillar of our own Mildenhall Hub development. Sport England (in their guidance on strategic facilities funding) recognises that some of the biggest increases in activity have been where sport is located alongside other services such as schools, libraries or doctors surgeries.

⁴https://www.local.gov.uk/sites/default/files/documents/12.8%20-%20Active%20people%2C%20healthy%20places_WEB.pdf

⁵https://www.healthysuffolk.org.uk/uploads/2017-10-12_Needs_assessment_Final_short_version.pdf

⁶ https://www.westsuffolk.gov.uk/leisure/sport_and_healthy_living/activity/index.cfm

B.1.5 The Needs Assessment also identifies the challenge of reaching those who are currently not active, and here local authority provided facilities have a key role to play as they look not only at the immediate financial position of the centre but of the wider economic, social and health contribution it can make, further enhanced by being co-located with a number of other services.

B.1.6 The proposal for the centre and its operation meets the principles of the Council's Promoting Physical Activity Framework as set out below and the Council's partnering agreement with Abbeycroft requires them to deliver against all aspects of the framework:

Social and community

- It **creates an environment that provides the opportunity for physical activity for all** by extending the range of activity and improving the swimming offer for families; it will deliver an **inclusive offer** with accessible facilities;
- During the development of the centre, the Council and Abbeycroft will work with a range of groups to increase access and **address barriers to participation**, focussing on those identified as being most in need;
- Through its co-location with health, participation in social prescribing initiatives as well as the range of activities and facilities, the new centre **will improve the quality of life and the health and wellbeing of all our communities.**

Economic

- The new centre will deliver an improved financial performance through reduced running costs as well as increased attendance through the improved offer. However it should be noted that the provision will put a new pressure on the Council's **Medium-Term Financial Strategy**, but a pressure that would be unavoidable in some form given the work needed on the existing centre;
- The centre will deliver wider social value, demonstrating **how our impact on health and wellbeing will financially benefit the whole public sector and deliver wider value for money.**

Personal experience

- The new centre has been designed to ensure that **opportunities for physical activity that are accessible, inclusive, welcoming, nurturing and convenient** and will **encourage participation and keep active people active**, particularly having regard to its location as part of the wider Western Way development and proximity to education facilities;
- The facilities provide for a range of activities, acknowledging...**that there are a range of motivations to participating in physical activity and that some people want to be competitive, whilst others don't.**

Health and wellbeing

- One of the leading objectives of the project has been co-location and the delivery of facilities and **initiatives that will support the Suffolk Health and Wellbeing Strategy** and to **ensure that active people remain active and that more people become active;**
- The data at attachment 3 shows that this area of West Suffolk enjoys relatively high levels of physical activity and low levels of obesity. However, higher than average adults report having a limiting long-term illness or disability. The partnerships that will develop with health will include **activity**

to address preventable health issues by creating local opportunities that address local health needs.

Providing a flagship occupier for the Western Way Development

B.1.7 The Western Way Development is about re-visioning public services and creating not just new buildings but new ways of working together, and interacting with communities. The RSA recognised in their study of Wiltshire Community Campuses⁷ that "*campuses are about more than new buildings. They are catalysts for new ideas, partnerships and relationships, particularly at the local level*". The inclusion of a new leisure facility, a facility that people of all ages can use and help shape can act as another beacon for the site. It will bring a range of people to the site, as well as benefiting from the attendance of those who already use the site. Being part of this new site offers a number of benefits to all occupiers, over and above what could be achieved if each partners simply built and operated their own facility in isolation:

- a. Shared/reduced facilities maintenance costs
- b. Shared Plant and Building Management Systems
- c. Opportunity to explore shared reception arrangements
- d. Shared catering facilities
- e. Shared car parking provision
- f. Opportunities to create referrals routes and enhanced customer journey
- g. Joint marketing opportunities
- h. Opportunity to create a half day destination that complements other facilities on the site
- i. Shared benefit from energy centre and renewables

Not including a leisure centre could therefore increase the cost of the site for other partners.

B.1.8 Finally, relocation of the leisure centre will release land for other uses that will be a key part of the wider development.

Existing Leisure Centre Layout, Condition and Challenges

B.1.9 The building has been refurbished twice in its lifetime due to two fires and therefore the general condition of the building is good. As an asset the building has no real structural concerns, although plant is starting to age and both reactive and planned maintenance costs are increasing and will continue to do so. In addition, there is a strong likelihood that a new facility would be far more efficient than the existing building and any new facility would benefit from the most recent advances in technology to reduce the cost of utilities. The OBC identified the potential impact of this utilising Sport England National Benchmarking Service (2016), which estimated that the best performing facilities nationally are achieving a cost of £25 per square metre. Since producing the Outline Business Case, updated utilities costs have been provided by consultants identifying an increase in costs which has been linked to the movement in the market during the period. This increase has meant that the projected utilities

⁷ <https://www.thersa.org/action-and-research/rsa-projects/public-services-and-communities-folder/people-shaped-localism/what-we-did>

saving has decreased, but it is anticipated this will improve with the use of renewables.

B.1.10 Whilst the building is sound, the age and layout of the building are no longer in line with current industry/consumer expectations. An independent report completed by The Sports Consultancy (TSC) (Attachment 4) observed that "*As the population grows, as a consequence of growth plans for the town, the leisure centre will be unable to match customer demand and maintain pace with ever changing leisure trends*". Examples of issues with the current centre include:

- The position of the Entrance in relation to the car park
- Ease of access
- Facilities spread over three floors
- Décor/Style of the building
- Standard of Sports & Leisure Facilities
- Facility Mix

B.1.11 The Centre is also limited by poorly located car parking for peak demand. This has limited the facility's growth potential and needs to be addressed as part of any future development. The travel distance between the car park and facility is a major cause of complaint and influences both visiting rates and the retention of customers.

B.1.12 The current Leisure Centre acts as West Suffolk College's sports provision to meet its course and curriculum requirements. The College has confirmed that it will continue to use the centre, as the college grows and explore further opportunities to link education and leisure. Currently the college uses the following:

1. Sports Hall – WSC use the hall for 40 plus hours per week
2. Fitness Centre – The College made a capital investment into a 20 station facility that enables them free use but also provides access to the general public in the evenings and weekends.

B.1.13 The 2015 Sports Facilities Assessment also recommended that:

- *Based on the quality audits and assessments, age and condition, the priorities for future investment in facility provision are Swimming Pools and Sports Hall due to age (by 2025).*
- *The existing leisure centre is ageing and in the medium term there will need to be consideration to its replacement. Replace ageing facilities where new provision is needed; all new provision should be designed and developed based on Sport England and NGB guidance, and be fully inclusive.*
- *Rationalise existing provision where new facilities can replace/improve facilities.*
- *Current car parking provision is inadequate.*
- *Invest in existing provision to improve quality.*
- *Invest strategically to ensure economic viability and sustainability of provision.*
- *Where possible, provide facilities (formal and informal) closer to where people live; access to informal provision is critical in the rural areas.*
- *Aim to ensure that more facilities on education sites provide opportunities (on a formal basis) for community access.*

- B.1.14** Replacing the leisure centre will create the opportunity to deliver a new and flexible swimming offer for Bury St Edmunds and its surrounding villages and develop a larger purpose-built fitness suite alongside increased studio capacity.

Skatepark and Athletics Pavilion

- B.1.15** The existing skate park is well used and an important facility for the young people of the town. Necessary highway improvements have led to proposals for the relocation of the skate bowl and the design of the whole site has created the opportunity to enhance the facility that should attract more users. The new skatepark will sweep around the corner of Western Way and Olding Road with a hierarchy of skate facilities and viewing terraces set into planted banks. The street frontage with its proximity to the leisure centre will be an important improvement for users of the skatepark and enhance the wider street appearance.
- B.1.16** Currently, users of the athletics track have use of a porta cabin that provides a small meeting space and accessible toilet provision with other facilities such as changing rooms being in the existing leisure centre. Feedback from West Suffolk Athletics Club is that the track is one of the best in the region and could be increasingly used for events. Whilst there is an ambition for a spectator stand to support that growth, this business case includes provision for a pavilion that will provide changing facilities and toilets, storage and a meeting room. This will be essential if the leisure centre is relocated as users will not have access to facilities otherwise.

Population change

- B.1.17** The other dynamic to consider is the growth of the town. The Core Strategy and Vision 2031⁸ has established that in the period 2012 – 2031 Bury St Edmunds will grow by 5740 new homes with most new housing being located in five strategic areas of growth located around the town. Further, the Strategic Housing Market Area Assessment (SHMAA) identified that the approximately 50% of the expected growth between 2031-2041 is expected to be within the boundaries of the town of Bury St Edmunds. The Vision provides that “the town centre will be the main focus for new retail, leisure and office development”.
- B.1.18** Whilst it is extremely difficult to examine the impact of local economic development on facility provision but consumer research ⁹identifies that 62% of people will use the services that are most easily accessible to them. Therefore location and convenience of access is key to attract the market and the developments highlighted above are likely to have a significant impact on leisure provision in Bury St Edmunds and any new facility development will need to take account of this. In addition the centre will benefit from its co-location with office buildings encouraging workers to use the facilities.

⁸ Vision 2031: https://www.westsuffolk.gov.uk/planning/Planning_Policies/local_plans/upload/BSE-vision-2015v6-hi-res-compressed.pdf

⁹ <http://www.healthclubmanagement.co.uk/health-club-management-features/Findings-from-the-Health-and-Fitness-Omnibus-Survey-report-2017/32021>

C. The Economic Case (How and why will it work?)

1. Benefits Overview

- C.1.1** Building a new leisure centre now as part of the Western Way Development offers a number of benefits:
- a. Improve the quality and range of offer resulting in increased membership and visits to the centre;
 - b. Reduce the maintenance and repairs liability the current 44 year old building;
 - c. Reduce operating costs, in particular energy and use of renewables (see section 1.19 Main Business Case);
 - d. Remove the need to rebuild / significant refurbishment of the existing leisure on the existing footprint that would result in closure of the centre for at least one year, losing both income and footfall;
 - e. Utilise the opportunity of the broader Western Way Development to replace the leisure centre rather than at a later stage when capital costs could be higher;
 - f. Release land for other uses;
 - g. Maximise the integration benefits with other users of the site, encouraging use of the leisure centre by visitors to the health facilities and workers in the office buildings as well as West Suffolk College;
 - h. Create a new user experience, particularly through the use of new technology in the new buildings.

Quality and range of offer

- C.1.2** Bury St Edmunds has been a high performing facility from both a financial and participation perspective. Alternative provision has increased in Bury St Edmunds with Bury Leisure Centre continuing to provide the town's only public swimming facilities. Most recently in 2018, the Council opened the Skyliner Sports Centre as part of the Council's own strategy to decentralise 'dry-side' provision if this improves accessibility and capacity. Any new entrants to the market would impact on the performance of Bury St Edmunds Leisure Centre, to which there would normally be two reactions:

1. Invest in the product/service to maintain or grow market position
2. Reduce the overhead in line with reductions in income

- C.1.3** The second strategy is generally only a short term measure and if sustained over any period just sees performance continue to deteriorate as income continues to fall in line with reductions in expenditure. Furthermore, the Council's specific role in the market does not support this, since the ability of Abbeycroft to generate income is essential to cross-subsiding costly public-access facilities, in particular the swimming pool and track. This is the important context for discussion of commercial considerations in this business case: the Council's commercial strategy is required to maintain provision of key public facilities at a time of reducing public sector funding.

- C.1.4** The development of a new facility is likely to produce a step change in performance or at a minimum protect its current position as the core provider in the town. Following the last refurbishment at the Centre, it is understood that membership increased significantly, although historical data to confirm this is no longer available.
- C.1.5** Since approval of the Outline Business case, additional feedback has been sought from users, residents and an independent consultancy TSC. A summary of the user consultation is included at Attachment 2. The headlines from the consultation are:
- 754 respondents, majority of whom were current Abbeycroft customers who had used the centre within the last 12 months – (412 respondents), with 242 non users responding – both perspectives being essential.
 - The most popular activity was swimming followed by the gym: 347 (59.11%) used the pool for family/fun swimming; 202 (34.41%) – used the gym (excluding exercise classes and personal training); 183 (31.18%) used the pool for lane swimming.
 - In respect of importance of features in new facility, 395 (52.7%) rated a dedicated car park area for leisure and health users as '5' on importance to them. With a further 207 (27.7%) rating it '3' or '4'; 321 (43.0%) rated a fun splash water area for the family and leisure use a '5', with a further 231 (31.0%) rating it a 3 or a 4.; 299 (39.8%) rated the fitness suite as a '5' on importance to them in the new leisure centre, with a further 277 (37.1%) rating it a '3' or a '4'.

The TSC report (Attachment 4) proposed a facility mix that was a combination of traditional leisure centre - activity spaces such as swimming pools, a multi-use sports hall, a gym, group, exercise studios and new activity spaces – together with extended leisure waters, to continue to offer a destination style attraction for Bury St Edmunds and the District. TSC analysis was based on market, competition and population growth and the correlation between resident feedback and expert report is helpful and has helped to shape the final facility mix. Additional work was undertaken to validate the final mix having regard to cost and new competition in the leisure market.

- C.1.6** It should be noted that location of the car parking in particular has limited the site's growth potential and has been a cause of complaint, influencing both visiting rates and retention of customers. The location and layout proposed as part of Western Way main business case will address this.
- C.1.7** There is also anecdotal evidence, through planning applications and industry knowledge that other private health and fitness operators are proactively looking at Bury St Edmunds as a potential venue for other health and fitness facilities. Not upgrading the Bury Leisure Centre Offer now will likely lead to a decline in attendance (and financial performance) of the existing centre, as it will not meet users' expectations.
- C.1.8** In addition to the above competition in other key markets continues to grow and operations compete for the "leisure pound". This proposal brings together an optimum solution that builds on the opportunity a co-located facility brings and creates a unique selling point for Bury Leisure Centre through the leisure swimming offer and complements other developments within the West Suffolk leisure portfolio to ensure that each facility provides the optimum solution for each of the catchment populations they serve.

Reduce the maintenance and repairs liability

- C.1.9** West Suffolk Council leases the leisure centre buildings to Abbeycroft and the Council retains responsibility for forward planned maintenance, preventative and re-active maintenance. In 2017 the Councils' property team undertook a condition survey and found routine maintenance and renewals would be required that would provide the building with at least another 6 years life, with costs of those repairs being around £350,000. Extending beyond that is likely to require spend of approximately £5m to renew plant in 8 years' time. This essential investment represents approximate value of 20% - 25% of a centre rebuild cost. Whilst there is an argument that the existing leisure centre could have a functional life beyond 10 years, it is clear that additional investment to keep the centre attractive and relevant to users would be required on top of this, and ultimately a new centre would be required.

Sustainability

- C.1.10** Energy costs for Bury Leisure Centre account for 11.5% of the Bury Leisure Centre budget and are forecast to increase as wholesale energy prices increase. The Western Way Development will have renewable energy solutions that should reduce this cost and this is detailed in the main business case. The wider sustainability of the leisure centre has been a key consideration in the design, and opportunities to reuse elements of the existing centre will be explored, including equipment, fit out items and plant where this appropriate.

Utilise the opportunity of the broader Western Way Development

- C.1.11** Analysis of Sport England cost estimates show that construction costs have increased by 13% since 2015 and are forecast to raise further. The Bank of England inflation target is 2%, and May 2019 report showed inflation close to that forecast. Assuming just 2% inflation, the estimated cost of £26.9m to build a leisure centre will have increased to £32.8m in 10 years' time, a 22% increase. In 20 years that cost increases to £40.0m. In addition the learning through the Mildenhall Hub has indicated that providing a leisure centre as part of a shared facility reduces overall costs by 7%. If the business case is approved, further work will be undertaken with partners on the development to see what further benefits can be derived through colocation that could improve the financial business case for the leisure centre.

2. Evaluation of Location

- C.2.1** The need for a central location for the leisure centre has been proved over the years and is a planning policy. This business case address the opportunity of a new Centre as part of the Western Way development and as such the Council needs to assure itself that it is a location that will work for a leisure centre, and there is not a better location having regard to the growth in the town. The table below provides an overview of location criteria.

Pedestrian Access	The site is within 2km of housing estates to the North and South and the main town centre. It is already well served with footpath linkages to Newmarket Road as well as Beetons Way connecting to Tollgate Lane.
Cycling Access	Existing footpath/cycle path that links the site to Newmarket Road, linking to cycle route into town. Site within a reasonable cycle ride (up to 5km/15 mins) of the majority of the built up area of Bury St Edmunds. The site links to the Suffolk County Council Cycle Map, 2018. ¹⁰ Cycle park provision to be made in main site.
Public Transport	The Western Way development includes plans for a new bus stop adjacent to the site. Currently bus services run to the location from Haverhill, Newmarket, Mildenhall, Brandon, Thetford, Diss and Thurston and surrounding villages.
Vehicle Access	The Main Business Case sets out the highways proposals which will improve access to the site. Proximity to the A14 means that the users from surrounding villages and rural communities can access the site.
Car Parking	The wider development of the site will include new car parking. The proposed location adjacent to the leisure centre addresses existing user concerns.
Proximity to Education	Tollgate Lane and Beetons Way are home to County Upper School, King Edward VI School, St Benedicts Catholic School, West Suffolk College and will be home to the Abbeygate VI form. The proximity of leisure to this "education corridor" is a key benefit of the site.
Other facilities	The current running track and pitch (which is being upgraded) is owned by King Edward VI School and is used under a community use facility
Business	The site is under 2km from the town centre and will itself be home to a number of private and public sector operations. This provides the opportunity to engage with businesses as part of Suffolk's Health and Wellbeing Board's ambition to "support employers to incorporate physical activity as part of the working day". ¹¹

C.2.2 There are a number of projects that are now being developed with other agencies that follow a co-location or hub principle.¹² Anecdotal evidence suggest that use of these facilities far exceeds the indications provided by latent demand studies due to the convenience of the facility.

3. Alternative options

C.3.1 There are two long term alternatives to the provision of a new centre, both of which are major refurbishments of the existing centre. It must be noted that whilst these could extend the life of the centre, they will not address the fundamental issues of proximity of car parking and will not provide a flagship community use building for the new Western Way development. Ultimately both would mean that the Council would still need to consider a replacement leisure centre, all be it deferring that for around 20 years.

¹⁰ <https://www.suffolk.gov.uk/assets/Roads-and-transport/cycling/Bury-St-Edmunds-Cycle-Map.pdf>

¹¹ www.healthysuffolk.org.uk/projects/workplace-wellbeing

¹² Example: <https://www.sportengland.org/media/3691/oford-park-sports-village-2014.pdf>

C.3.2 The table below gives details of these two alternative options.

	1. Refurbishment on existing footprint including plant & machinery renewal	2. Refurbishment + extension including plant & machinery renewal
Estimated cost	£10m	£11.85m
Estimated improvement to leisure centre running costs	£67,000 per annum	£340,000 per annum ¹³
Overall Scheme financial performance	Council borrowing costs circa £641,500 per annum ¹³ . Therefore annual deficit after borrowing of circa £574,500 per annum.	Council borrowing costs circa £737,500 per annum ¹³ . Therefore annual deficit after borrowing of circa £397,500 per annum.
Advantages	<ul style="list-style-type: none"> - Reduced Capital Cost compared to a new build - Improved revenue position from existing centre - Enhanced alternative provision from existing centre - Creates a family orientated leisure environment - Retains position to oversee the management of the athletics track 	<ul style="list-style-type: none"> - Reduced Capital Cost (in the short term) compared to a new build - Improved revenue position on refurbishment option - Enhanced alternative provision from existing centre - Creates a family orientated leisure environment - Retain position to oversee the management of the athletics track <p>Retains Sports Hall provision & income stream</p>
Disadvantages	<ul style="list-style-type: none"> - Still a long term requirement to replace the leisure centre. - No improvement in the positioning of the site and entrance within the overall project. - Potential requirement to continue to support the same level of maintenance costs from a structural/plant perspective. - Phasing of the development has the potential to disrupt use and cash flow causing business instability. - No sports hall provision for Education or Community Use. - No improvement to the quality of provision of the competition pool. 	<ul style="list-style-type: none"> - Still a long term requirement to replace the leisure centre. - No improvement in the positioning of the site and entrance within the overall project. - Potential requirement to continue to support the same level of maintenance costs from a structural/plant perspective. - Phasing of the development has the potential to disrupt use and cash flow causing business instability. Likely to require a close in the centre for 12 months. - No improvement to the quality of provision of the competition pool. - Availability of land for extension

¹³ NB: Please note that these options included a facility mix involving climbing and trampolining. Analysis of the current market shows that there is existing and planned developments within Suffolk, which would impact negatively on the options above within the next 12 – 24 months so this figure is likely to decrease.

¹³ NB: Borrowing costs based over 20 years, at 2.50% on the annuity basis.

C.3.3 These are alternative options to refurbish the centre and to extend its useful life, however there will be an impact on existing revenue and membership as sections of the centre will have to be closed during the period of refurbishment. There is a risk that members could transfer to other facilities in the town and they do not return to the centre when reopened, or they just stop accessing leisure facilities all together. Whilst it is possible to estimate the loss of income through a closure period, the longer term impact is more difficult to quantify and a high risk for the centre, and also the community (for instance, in terms of a loss of wide access to swimming programmes for those unable to travel).

C.3.4 A full detailed phased plan would need to be created to examine how this could be managed in the most efficient way possible. The worst scenario would be a 12 month closure creating a complete loss of one years' total income.

D. The Commercial Case

1. This case is already covered in Section E of the main OBC Document and is not repeated here.

E. The Financial Case

1. Capital Implications of new leisure centre

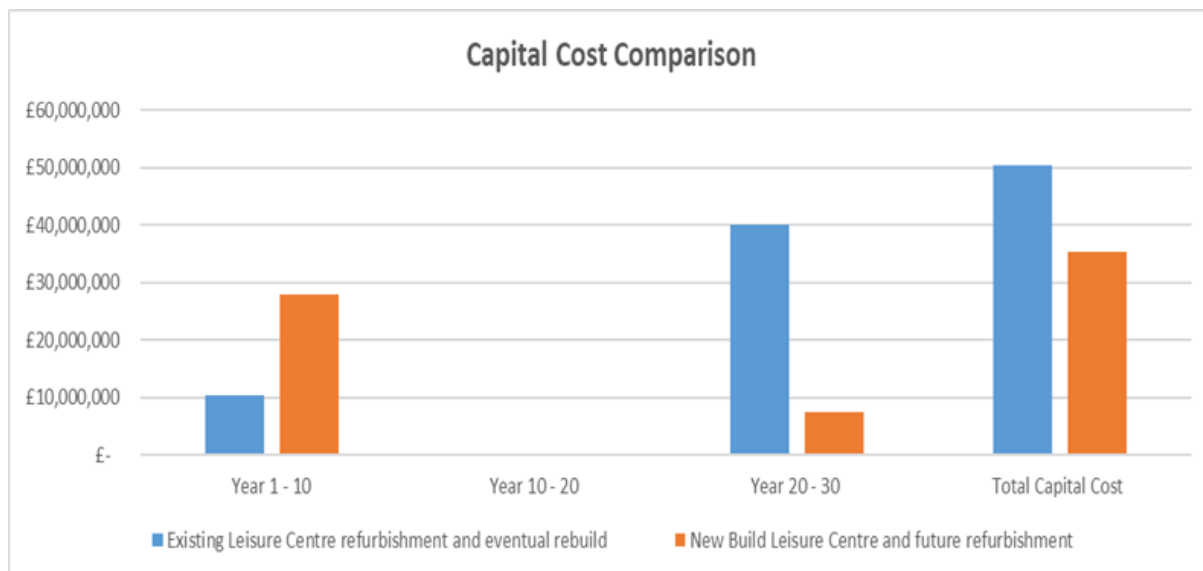
E.1.1 The costs of the new leisure centre integrated as part of the overall Western Way Development, have increased since the Outline Business Case from £25m to £27.9m. The reason for this is the inclusion of costs to improve the skate park, the inclusion of a new sports pavilion and the apportionment of some whole site costs including external works costs and waste storage costs.

E.1.2 As has previously been mentioned, the existing leisure centre will have significant capital requirements in the medium term that are currently unfunded. These are detailed below:

- Over the next 5 years an amount of around £350,000 required – this would be funded from the Council's Building Maintenance Reserve.
- Refurbishment of the existing facilities, including the renewal of the plant and machinery will be required in the next 10 years to continue, possibly sooner to provide an attractive facility and maintain market share. This will have an estimated cost of £10.5m - £11.5m as outlined above, and is also currently unfunded.

E.1.3 Therefore over the next 10 years, the Council would need to spend between £10.35m - £11.85m on the current facility in order to increase its useful life by an estimated 20 years, at which point a full rebuild will be required, either on the current site or at another location. At this point, the cost of providing a new leisure will have increased significantly and the opportunity for integration with the Western Way Development would be lost which would ultimately impact on the revenue performance of the centre.

E.1.4 The graph below provides a simple comparison between the capital costs of building a new leisure centre now with a modest refurbishment in 20-30 years, and retaining the existing leisure centre with maintenance investment, refurbishment now and a new build in another 20 - 30 years. It assumes a 2% per annum increase in new build costs, meaning in 20 years' time an equivalent new centre would cost at least £39.5m, ignoring increases in costs of delivering a standalone centre, and potentially having to acquire a site to build it on (to avoid multiple years of loss in service).



E.1.5 This shows that whilst in the short term the capital cost of providing a new leisure centre is higher in the longer term there is actually likely to be a lower (circa £15m), overall capital requirement even if a refurbishment of this new facility is accounted for in 20 years.

2. Revenue Implications of new leisure centre

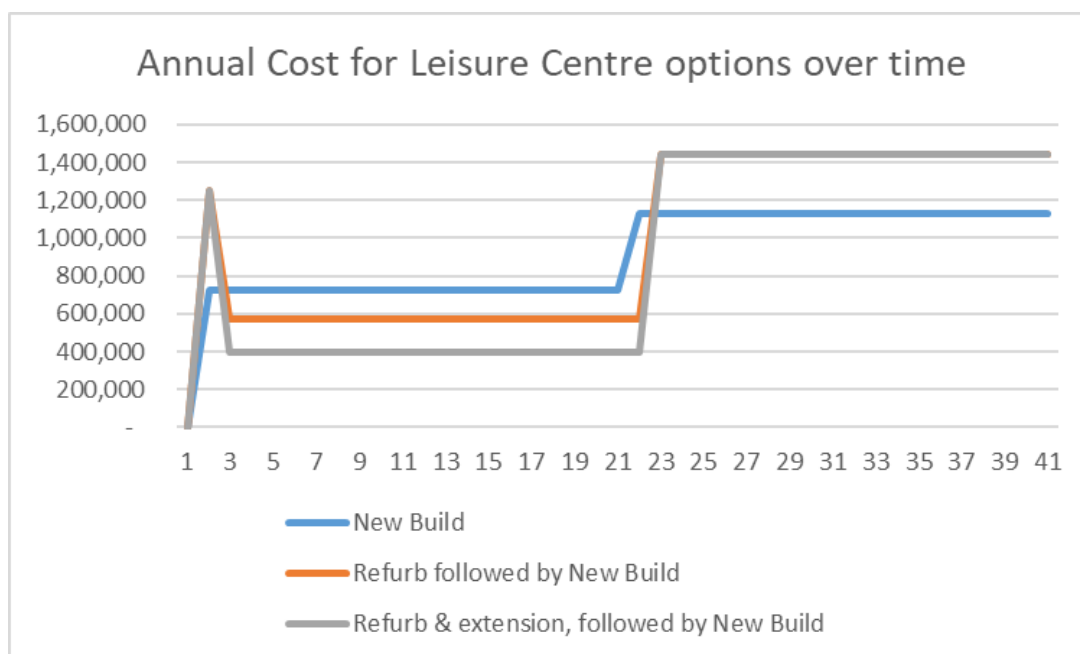
E.2.1 As has been mentioned above, there will be significant revenue costs associated with retaining the current leisure centre over the next 10 years. The annual costs associated with these costs could range from £397,500 to £574,500 depending on what level of refurbishment was undertaken (options set out in 3.2 above) – not taking into account any loss associated with closing the centre during any refurbishment. These figures are not currently within the council's budget, so provision will need to be made for them regardless of any decision associated with Western Way.

E.2.2 It is estimated that the new leisure centre with the updated facility mix would deliver an improved annual return (before borrowing costs) of approximately £430,000 on average over the next 10 years, against that of the current leisure centre. This is based on an assumption that the performance of the current leisure centre stays the same over that time period. This benefit would then come back to the council via either a direct payment from Abbeycroft, or through Abbeycroft taking on more of the maintenance responsibilities of the leisure facilities they run – whichever was the most advantageous for both parties. Careful consideration has been given to the optimum mix, using the information from consultancy reports as well as local market intelligence and customer feedback. An important aspect of the approach has been to create a flexible space in order that the centre can respond to changes in the leisure trends. The final business case figures have been developed based on the facility mix outlined at para 1.8.

E.2.3 The table below details the annual revenue implications of building a new leisure centre, including the improvements to the skate park and provision of a new athletics pavilion.

Annual Revenue Implications of New Leisure Centre	£
Annual Benefit from New Leisure Centre	430,000
Annual Borrowing Costs	(1,151,500)
Annual Surplus / (Deficit) after Borrowing Costs	(721,500)

E.2.4 As can be seen, there is an annual cost of £721,500 for the proposed new leisure centre. In the short term, this is higher than the cost of refurbishing on the current site, which as detailed at 2.1 above would have an annual cost to the council of between £397,500 and £574,500, depending on what sort of refurbishment was undertaken. However, once a full rebuild after 20 years is taken into account, the annual costs in the longer term are higher than the £721,500 associated with rebuilding the leisure centre as part of the Western Way Development – even when including the cost of a modest refurb of the new leisure centre in 20 years' time. The graph below shows how the revenue position will change over the next 40 years.



E.2.5 The revenue implication set out in the above graph does account for the benefit of being able to maintain a continual leisure offer i.e. the existing leisure centre would remain open whilst the new one was being built. If a significant refurbishment were to take place on the existing leisure centre, there would be a significant disruption in the leisure offer able to be provided and a potential loss of income to Abbeycroft – as detailed in section 3.3 of the Economic Case above. The table below shows the total costs of the three options over the next 40 years from the above graph. Note a number of further assumptions have been made in arriving at this figure a 3.5% borrowing rate assumption in 20years (if higher would make the refurb and build options revenue costs more expensive). It should also be noted that a rebuild in the future would likely be more costly than the new build option we have based the projected spend on as it will not benefit from co-location opportunities the new build proposal as part of WWD offers.

Option	Cost over 40 years £
New Build	37,050,000
Refurb followed by New Build	40,157,000
Refurb & extension, followed by New Build	36,617,000

E.2.6 As can be seen from the table, over the 40 year period, each of the potential options show similar overall revenue costs based on the assumptions around rebuild and refurbishment timescales. Specifically, the cost of a New Build under the WWD project is virtually identical to the cost of a Refurb and Extension (on average around £10,000 p.a. more over the period). However, the benefits of the New Build option, as explained in this business case, are significantly higher than the other two options, and these figures do not reflect those.

E.2.7 The financial case set out above demonstrates that on a whole life costing basis the new build option as part of the WWD offers better value for money in capital and revenue terms (allowing for a marginal difference) for the taxpayers of West Suffolk.

E.2.8 The assumptions used, and mitigation measures described in the main business case equally apply to the leisure centre, and therefore will not be repeated here.

E.2.9 Whilst not included in the financial modelling above, the centre will deliver wider social value. A Latent Demand and Social Value Report produced by 4 Global in 2018 (Attachment 5) estimated that the annual social value contribution of the new centre would be over £1.8m, having regard to its impact on improved health, well-being, educational attainment and reduced crime.

E.2.10 If the business case is approved, further work will be undertaken with partners on the development to see what further benefits can be derived through colocation that could improve the financial business case for the leisure centre.

3. External Funding

E.3.1 External funding will be sought from a variety of sources, in order to try and reduce the overall capital requirement for the scheme the council has to fund. This would in turn reduce the annual borrowing costs the council would have to pay. Sport England have already offered to sit on the steering board for this project, and are interested in potentially using it as a case study. Their design input will be a key safeguard for the project in due diligence terms. Sport England has allocated a budget of c £40m to award through 2017 – 2021 and applications will be invited on a solicited only basis, previously with upper limits to grants of £2m. This Business case reflects Sport England’s Strategic Facilities Fund guidance. However, there can be no guarantee of Sport England funding being received.

F. The Management Case

The main outline business case for the Western Way Development provides the main management case for this scheme at this stage, as it is part of the wider project. However, below are elements specifically relevant to the leisure centre.

1. Key Risks & Dependencies

F.1.1 The key risks and dependencies specifically related to the provision of a new build leisure centre as part of the Western Way Development are detailed in the table below. These will be developed further as part of the final business case.

	Risk Description	Inherent Risk	Impact	Mitigation	Residual Risk
R1	Financial viability of development	High	Development delayed/ unviable	Explore value engineering opportunities without losing vision for centre and wider site. Looking at facility mix to drive income (nearer build date). Reviewing alternative funding options and delivery methods, including	Medium

	Risk Description	Inherent Risk	Impact	Mitigation	Residual Risk
				seeking external funding.	
R2	Competition in the leisure sector particularly health and fitness and soft play	Medium	Reduction in use of centre meaning that business case targets for increased membership/ revenue not met	Design facility in flexible way so space can meet changing leisure trends; continue to monitor market and other alternative leisure provision being developed within a radius that could impact on the proposed facility mix	Medium
R3	Change in consumer trends mean that the proposed development mix is no longer relevant	Medium	Reduction in use of centre meaning that business case targets for increased membership/ revenue not met	Design space flexibly so that the fit out can be changed; monitor the market place during the development to ensure that the facility mix is correct.	Low
R4	The scheme does not deliver a new energy solution for the campus	Medium	Increased energy costs for the Leisure Centre impacting on viability of wider scheme	Retain focus on energy solution as part of WWD; work with partners and explore externally funded projects through Interreg	Low

Ref	Dependency	Level of dependency	Give/Get	Impact	Impact date	Mitigation (if required)
D1	Agreement to wider Western Way Business case	High	Get	The business case for building a new leisure centre as part of the development fails	2019	Refurbishment of existing centre/ new business case for new leisure centre
D2	Continuation of Partnering Agreement with Abbeycroft Leisure	High	Get	Potentially no leisure operator for the new facility/ new operator requires different contract		A new operator for the site (and other leisure centre facilities) would be required
D3	Negotiation with Suffolk County Council re leisure centre land	High	Get	No change of use/additional costs driven into project		

2. Assumptions

Accessibility

- F.2.1** There have been a number of versions of the masterplan for the whole development. It should be noted that the optimum position for the entrance to the leisure centre would be to link directly with the Public Sector Village/Car Park to provide better line of site and access to capture consumer interest, and also have high visibility from Western Way. This is a specific reason for the target model design in the main business case.

Attachments

1. Proposed leisure centre layout
2. Summary of public consultation
3. Summary of health data
4. **CONFIDENTIAL** The Sports Consultancy, Bury Leisure Centre report, July 2019
5. 4 Global – Latent Demand and Social Value report, September 2018